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R 161536Z AUG 06
FM AMEMBASSY MAPUTO
TO RUEHC/SECSTATE WASHDC 5878
INFO RUCNSAD/SOUTHERN AFRICAN DEVELOPMENT COMMUNITY
RUEHLMC/MILLENNIUM CHALLENGE CORP 0075
RUCPDO/DEPT OF COMMERCE WASHDC

UNCLAS MAPUTO 001046

SIPDIS

SIPDIS

AF/S FOR HTREGER AND JMALONEY
AF/EPS FOR THASTINGS
USDOC FOR RTELCHIN
MCC FOR SGAULL
USAID FOR AA/AFR AND AFR/SA

E.O. 12958: N/A

TAGS: [ECON](#) [EAID](#) [EINV](#) [ETRD](#) [MZ](#)

SUBJECT: AGOA Third-Country Textile Provisions - Mozambique
Overview

Ref: State 131825

1. (U) Growth in AGOA Mozambican garment exports depends on continuation of the third country fabric provisions. Regional companies have expressed interest in opening garment factories in Mozambique, and the one company currently exporting to the U.S. is exploring the possibility of expansion. The GRM is seeking to revive the country's once thriving textile and garment industry. One of the measures it is taking is negotiating with investors to reopen closed textile plants. In addition, the GRM has recently launched its "Made in Mozambique" campaign, focusing on supporting and consuming Mozambican products, including clothing made in Mozambique. For this reason, extension of the AGOA third-country fabric provisions is important to both the private business sector and the government. It is a critical component of potential AGOA export success and industry development.

History

2. (U) At its peak, the Mozambican textile industry comprised 45 facilities, including 19 textile and 26 garment factories, that produced a wide range of products for domestic consumption and export. However, Mozambique's once thriving textile and garment industry experienced a rapid decline during the early 1990s, and all its textile plants were closed. (Note - There are six existing textile facilities, but none are in operation. End Note.)

Present Situation

3. (U) There are currently five garment facilities operating in Mozambique. Only one, South-African owned Maputo Clothing Company, consistently exports garments to the US. Maputo Clothing Company employs over 400 Mozambicans who cut, sew and assemble primarily chef, maintenance and school uniforms. Maputo Clothing Company is responsible for nearly all of Mozambique's AGOA apparel exports, which in 2005 were valued at \$2 million dollars. (Comment: This represents a decrease from previous years and highlights Mozambique's struggling garment industry and the closure of factories. End Comment.) Maputo Clothing Company imports nearly all of the textile inputs for its clothing

products from Asia, and will be negatively impacted should the third-country fabric provisions end. This is particularly significant given the company's interest in expansion.

¶4. (U) The current market for finished apparel products imported into the US under AGOA is the chef and other uniform market. In other countries the target market is also uniform supply, as well as department stores selling men's dress shirts and sports clothing. Maputo Clothing Company's expressed interest in expansion would likely target department stores in the US for men's sport, leisure and dress clothing, as well as the school-uniform market.

Dudley